

VZCZCXYZ0020
OO RUEHWEB

DE RUEHDM #0093 0381635
ZNY CCCCC ZZH
O 071635Z FEB 08
FM AMEMBASSY DAMASCUS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4611
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 1387
RUEHAM/AMEMBASSY AMMAN PRIORITY 7218
RUEHAK/AMEMBASSY ANKARA PRIORITY 5460
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0765
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4849
RUEHEG/AMEMBASSY CAIRO PRIORITY 3540
RUEHDO/AMEMBASSY DOHA PRIORITY 0466
RUEHKU/AMEMBASSY KUWAIT PRIORITY 1301
RUEHRH/AMEMBASSY RIYADH PRIORITY 7939
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 2088
RHEHNSC/NSC WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHMFISS/HQ USCENTCOM MACDILL AFB FL PRIORITY

C O N F I D E N T I A L DAMASCUS 000093

SIPDIS

SIPDIS

STATE FOR NEA/ELA; NSC FOR ABRAMS/SINGH

E.O. 12958: DECL: 02/07/2018

TAGS: [EINV](#) [ENRG](#) [EPET](#) [PGOV](#) [SY](#)

SUBJECT: SARG ANNOUNCES JOINT VENTURE WITH UK/US-BASED
GULFSANDS; PRIVATELY CO. SUGGESTS MAJOR NEW FIND

REF: DAMASCUS 70

Classified By: CDA Michael Corbin for reasons 1.4(b,d)

11. (C) On February 5, the UK-licensed, majority US-owned company Gulfsands Petroleum received official SARG permission to establish a joint venture with Syrian Petroleum Company (SPC) to develop the Khurbet East (KHE) oil field in northeastern Syria (Block 26). The same day, Pol/Econ Counselor and Econoff met with Gulfsands President and General Manager Mahdi Sajjad (protect), who asserted that the field is even larger than initial estimates had projected, with proven and probable reserves possibly exceeding 80 million barrels. Sajjad said that Gulfsands expects to produce 10,000 bpd as soon as June 2008, with eventual sustained production of 40,000 bpd by early 2009. Visibly excited, Sajjad said that this development was proving to be about as profitable an investment as a mid-cap company could imagine. His project engineer said that Petroleum Minister Sufian Allaw had privately characterized the KHE development to Gulfsands execs as "the most significant Syrian petroleum discovery in the last twenty years."

12. (C) Comment: While unconfirmed by any third party, Gulfsands' private touting of this field is potentially very significant given Syria's declining oil production. If the company succeeds in bringing 40,000 bpd on-line by the first quarter of 2009, it would reverse Syria's production decline.

However, small independents like Gulfsands are not above exaggerating finds to positively influence their access to markets and capital. Whether true or not, Syria will likely trumpet this claim as good news in an otherwise bleak economic picture.

CORBIN